MULTIMEDIA UNIVERSITY®

STUDENT ID NO

MULTIMEDIA UNIVERSITY

FINAL EXAMINATION

TRIMESTER 2, 2022/2023

DMG5014 – MANAGEMENT ACCOUNTING 1

(All sections / Groups)

3 JULY 2023
2.30 p.m – 5.30 p.m
(3 Hours)

INSTRUCTIONS TO STUDENT

1. This question paper consists of **6** pages with **5** questions only.

2. Attempt **ALL** questions. All questions carry equal marks and the distribution of the marks for each question is given.

3. Please write all your answers in the Answer Booklet provided.

QUESTION 1

Part A

Below are the account balances of Delta Manufacturing Company for the year ended 31 December 2022:

	Beginning of Year	End of Year
Finished Goods Inventory	RM 57,000	RM 59,000
Work in Process Inventory	64,000	63,000
Raw Materials Inventory	55,000	61,000
Sales Revenue		980,000
Direct Labour		85,000
Factory Supervisory Salaries		60,000
Income Tax Expense		52,000
Factory Insurance		59,000
Raw Material Purchases		415,000
Administrative Expenses		32,000
Sales Returns and Allowances		7,600
Factory Depreciation		32,000
Indirect Labour		56,000
Selling Expenses		64,000

Required

(a) Prepare a schedule of Cost of Goods Manufactured for Delta Manufacturing Company for the year ended 31 December 2022. (8 marks)

(b) Prepare an Income Statement for Delta Manufacturing Company for the year ended 31 December 2022. (7 marks)

(c) Identify **TWO (2)** differences between Delta Manufacturing Company's Income Statement and a merchandising company's Income Statement. (2 marks)

Part B

Briefly explain the **THREE (3)** broad functions of management. (3 marks)

(Total: 20 marks)

Continued...

QUESTION 2

Part A

Adam Expert Manufacturing begins operations on 1 May 2022. The company decides to use a job order cost system considering all work is done to customer's specifications. The following transactions occurred during the month.

May	3	Purchased raw materials on account, RM530,000.
	15	Factory labour costs incurred were RM440,000.
	20	The job cost sheet shows that RM499,000 direct materials and RM400,000 direct labour were charged to an ongoing job.
	21	An analysis of the materials requisition slips indicated that RM25,000 indirect materials were used.
	22	Time tickets also indicated that RM40,000 was indirect labour.
	23	Overhead costs incurred on account were RM256,000.
	27	Manufacturing overhead was applied at the rate of 79% of direct labour cost.
	30	Completed goods were transferred out to finished goods; the remaining goods costing RM300,000 are still incomplete at month end.
	31	Finished goods costing RM850,000 to manufacture were sold on account for RM975,000.

Required

(a) Prepare journal entries to record the above transactions. Omit explanation. (14 marks)

(b) Calculate the amount of under or overapplied overhead. (2 marks)

Part B

Briefly explain **FOUR (4)** differences between job order cost system and process cost system. (4 marks)

(Total: 20 marks)

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QUESTION 3

Part A

The packaging department of Protech Manufacturing has the following production and manufacturing cost data for the month of June 2022. All materials are added at the beginning of process.

Manufacturing Costs		Production Data	
	RM	Beginning work in process	48,000 units 10% complete
Beginning work in process			
Materials	86,000	Unit transferred out	88,000
Conversion costs	165,805	Unit started	93,000
	251,805		
Started into production			
Materials	478,000	Ending work in process	53,000 20% complete
Labour	142,479		
Overhead	36,816		

Required

Prepare a production cost report for the packaging department for the month of June using the weighted-average method. *(Show all of your workings).* (17 marks)

Part B

Describe **THREE (3)** similarities between a job order cost system and process cost system. (3 marks)

(Total: 20 marks)

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QUESTION 4

Part A

Stamford Business and Management School is a private education institution that provides international business and management courses located at Melaka. For cost analysing purpose, the Marketing Manager of Stamford Business and Management School assigned the institution's office clerk to summarise the total administration costs incurred based on number of students enrolled for the past ten semesters as shown below:

Intake No.	Numbers of enrolment (Students)	Administration costs incurred (RM)
1	125	1,402
2	206	2,050
3	112	1,280
4	238	2,293
5	95	1,095
6	143	1,631
7	181	1,800
8	263	2,523
9	155	1,774
10	99	1,122

Required

(a) Based on the information given, compute the variable administration costs per student using high-low method. (2.5 marks)

(b) Compute the total fixed costs per student based on the answer in (a) (4 marks)

(c) Compute the total administration costs expected to incur if the number of students expected to enroll is 245 students. (2 marks)

(d) Given the information below, classify the following costs as variable, fixed, or mixed.

No.	Type of costs incurred	200 students RM	400 students RM	Answer: Cost category
i	General manager salary	8,000	8,000	
ii.	Classroom rental charges	6,000	12,000	
iii.	Facilities maintenance	500	850	

(1.5 marks)

Continued...

Part B

Given are the costs data of 1,000 units of cosmetic box produced and sold by BP Plastics Manufacturing Company for the year 2022:

Type of costs	Fixed costs RM	Variable costs RM
Selling and administration expenses	11,500	2,700
Manufacturing costs	26,000	9,600
Operating expenses	13,500	7,700

In year 2022, each cosmetic box is sold at RM80 to its customers.

Required

(a) Compute the contribution margin per unit for each cosmetic box. (2 marks)

(b) Compute the contribution margin ratio for cosmetic box. (1.5 marks)

(c) Calculate break point in unit and RM (Ringgit Malaysia) using either mathematical equation or contribution margin method. (3.5 marks)

Part C

Briefly explain the cost behaviour analysis and state **TWO (2)** importance to management. (3 marks)

(Total: 20 marks)

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QUESTION 5

Part A

Rachel Company makes jewelleries boxes for online stores. The company incurred the following costs in its first year of operations in the year 2022.

Variable Costs per unit	
Direct materials	RM10.50
Direct labour	RM6.50
Variable manufacturing overhead	RM8.90
Variable selling and administrative expenses	RM6.00
Fixed Costs per year	
Fixed manufacturing overhead	RM51,000
Fixed selling and administrative expenses	RM32,300

Rachel Company sells the jewelleries boxes for RM105. During the year 2022, the company produced 10,000 and sold 9,000 jewelleries boxes.

Required

(a) Assuming the company uses variable costing, calculate the manufacturing cost per unit for the year 2022. (2 marks)

(b) Prepare a variable costing Income Statement for the year ended 31 December 2022. (5.5 marks)

(c) Assuming the company uses absorption costing, calculate the manufacturing cost per unit for the year 2022. (2.5 marks)

(d) Prepare an absorption costing Income Statement for the year ended 31 December 2022. (5 marks)

Part B

Distinguish between an absorption costing Income Statement and variable costing Income Statement. (5 marks)

(Total: 20 marks)

End of Paper